DENVER
ECONOMIC DEVELOPMENT
& OPPORTUNITY

October 6, 2025

Auditor Timothy M. O'Brien, CPA
Office of the Auditor
City and County of Denver
201 West Colfax Ave., Dept. 705
Denver, Colorado 80202

Dear Mr. O'Brien,

The Office of the Auditor has conducted a performance audit entitled "Certifying Disadvantaged Businesses." This memorandum provides a written response for each reportable condition noted in the final draft of the Auditor's report, which was sent to us on September 17, 2025. This response complies with Section 20-276 (c) of the Denver Revised Municipal Code.

Please see the subsequent pages for our responses to each recommendation and contact Alexis Nightengale at 720-913-1909 with any questions.

Sincerely,

Alexis Nightengale
Director, Auditing & Analytics
Denver Economic Development & Opportunity

CC:
Valerie Walling, CPA, Deputy Auditor
Dawn Wiseman, CRMA, Audit Director
Patrick Schafer, CPA, CFE, CIA, MBA, Senior Audit Manager
Carl Halvorson, CIA, Audit Manager
Tyson Faussone, CIA, Lead Auditor

Certifying Disadvantaged Businesses

Division of Small Business Opportunity
October 2025

AUDIT FINDING 1

The Division of Small Business Opportunity cannot ensure contractors follow small-business certification program requirements

RECOMMENDATION 1.1

Evaluate number of assigned contracts
The Division of Small Business Opportunity should evaluate the number of contracts assigned to each compliance project manager and assess the appropriate number of contracts that allow proactive and effective oversight of program requirements.

Agency response:	Agree
Target date to complete implementation activities: (Generally expected within 60 to 90 days)	10/31/2026

Specific point of contact for implementation

Name:	Erin Croke
Phone:	720-913-1912

Provide a written response

The Division of Small Business Opportunity (DSBO) routinely evaluates the number of contracts assigned to each compliance project manager via DSBO's internal Power BI Compliance Project Manager Contract Distribution dashboard and will continue to do so. Per the Auditor's recommendation, DSBO will assess the appropriate number of contracts that allow proactive and effective oversight of program requirements within the parameters set forth in the ordinance to be reauthorized in October, 2026.

RECOMMENDATION 1.2

Enforce compliance
The Division of Small Business Opportunity should follow established standard operating procedures and use tools, including sanctions, to enforce compliance with city code and small-business program requirements.

Agency response:	Agree
Target date to complete implementation activities: (Generally expected within 60 to 90 days)	10/31/2026

Specific point of contact for implementation

Name:	Erin Croke
Phone:	720-913-1912

Provide a written response

DSBO agrees with the recommendation. Since the audit period, DSBO's workforce has been reduced by 33%, further limiting capacity to consistently follow established Standard Operating Procedures (SOPs). DSBO agrees on the importance of adhering to SOPs and will re-establish scaled-back processes aligned with current capacity and reauthorized ordinance. DSBO also concurs on the need to sanction City contractors for noncompliance, and this practice will be incorporated into revised SOPs.

RECOMMENDATION 1.3

Update policies and procedures
The Division of Small Business Opportunity should update its compliance policies and procedures for conducting site reviews to align with its practices. The division should specify which businesses must have a site review completed, like the Disadvantaged Business Enterprise program. Also the policies and procedures should specify which contracts and subcontractors will not receive a site review and how a commercially useful function will be validated.

Agency response:	Agree
Target date to complete implementation activities: (Generally expected within 60 to 90 days)	4/30/2026

Specific point of contact for implementation

Name:	Sam Meza
Phone:	303-342-6545

Provide a written response

DSBO agrees and will ensure its compliance policies and procedures for conducting site reviews are updated to align with its practices.

RECOMMENDATION 1.4

Conduct required site visits
The Division of Small Business Opportunity should ensure site visits are conducted as required for the Disadvantaged Business Enterprise businesses performing work on city projects. This will reduce the risk of violating federal rules and regulations and ensure program compliance.

Agency response:	Agree
Target date to complete implementation activities: (Generally expected within 60 to 90 days)	4/30/2026

Specific point of contact for implementation

Name:	Sam Meza
Phone:	303-352-6545

Provide a written response

DSBO agrees to perform Commercially Useful Function (CUF) site visits as required for contracts with Disadvantaged Business Enterprise (DBE) program requirements. To that end, DSBO has increased staffing for DBE compliance project managers since the audit scope period.

AUDIT FINDING 2

The Division of Small Business Opportunity is not aware when small or disadvantaged businesses should be involved in city projects

RECOMMENDATION 2.1

Establish a formalized contract-review process
The Division of Small Business Opportunity should establish a formalized processes for agencies that do not regularly engage with the division to assist in understanding the small or disadvantaged business goal-setting process. This may include developing service-level agreements, drafting additional guidance for agency procurement personnel, or offering more training opportunities.

Agency response:	Disagree
Target date to complete implementation activities: (Generally expected within 60 to 90 days)	N/A

Specific point of contact for implementation

Name:	N/A
Phone:	N/A

Provide a written response

DSBO maintains published tools to help City agencies understand DSBO program determination setting. These resources have been available on DSBO's website, the DSBO SharePoint site, and the Citywide Contracting Hub, including during the audit period. Per mayoral directive, the Contracting & Procurement Resources (CPR) Hub now serves as the City's centralized location for procurement resources and training, and DSBO guidance is available there.

RECOMMENDATION 2.2

Perform a contract data review
The Division of Small Business Opportunity should regularly reconcile contracts within Jaggaer or with city agencies to make sure contracts that require the division's review for program participation are reviewed.

Agency response:	Disagree
Target date to complete implementation activities: (Generally expected within 60 to 90 days)	N/A

Specific point of contact for implementation

Name:	N/A
Phone:	N/A

Provide a written response

DSBO has implemented a more efficient approach to ensure agencies obtain a DSBO review prior to solicitation. As of mid-2024, all Jaggaer reviews include DSBO. If there is not a DSBO Business Utilization Memo (including no-program memos) uploaded to Jaggaer with a solicitation, DSBO does not approve that review round until the agency obtains and uploads a DSBO Program Determination Memo.

RECOMMENDATION 2.3

Implement a supervisory review process
The Division of Small Business Opportunity should design and implement a supervisory review process to ensure contracts are manually entered into B2Gnow when the system import fails.

Agency response:	Agree
Target date to complete implementation activities: (Generally expected within 60 to 90 days)	7/31/2026

Specific point of contact for implementation

Name:	Sarah Milmoe
Phone:	720-913-1995

Provide a written response
DSBO agrees with the auditor's underlying finding regarding system import failures. However, DSBO does not support implementing a manual supervisory review process. Instead, DSBO is actively exploring a technology-based solution that ultimately eliminates the root cause of import failures, aiming for a more sustainable and efficient approach.

RECOMMENDATION 2.4

Perform reviews with citywide procurement system
The Division of Small Business Opportunity should regularly analyze information from the city's procurement system and compare its data with the division's contracts in B2Gnow — ensuring all contracts with a small or disadvantaged business program goal are being monitored.

Agency response:	Agree
Target date to complete implementation activities: (Generally expected within 60 to 90 days)	4/30/2026

Specific point of contact for implementation

Name:	Erin Croke
Phone:	720-913-1912

Provide a written response

DSBO agrees and is actively investigating feasible means to analyze and compare information between various systems to ensure all contracts with DSBO program requirements are being monitored.